

# DOCKET SECTION

BEFORE THE  
POSTAL RATE COMMISSION  
WASHINGTON, D.C. 20268-0001

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POSTAL RATE AND FEE CHANGES, 1997

POSTAL RATE COMMISSION  
Docket No. R97-1

UNITED STATES POSTAL SERVICE  
INTERROGATORIES AND REQUESTS FOR PRODUCTION OF DOCUMENTS TO  
DOW JONES & COMPANY, INC. WITNESS SHEW  
(USPS/DJ-T1-1-6)

Pursuant to rules 25 and 26 of the Rules of Practice and Procedure and rule 2 of the Special Rules of Practice, the United States Postal Service directs the following interrogatories and requests for production of documents to Dow Jones & Company, Inc. witness shew: USPS/DJ-T1-1-6.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

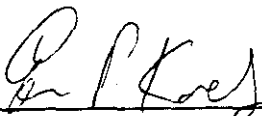
By its attorneys:

Daniel J. Foucheaux, Jr.  
Chief Counsel, Ratemaking

  
Eric P. Koetting

## CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon all participants of record in this proceeding in accordance with section 12 of the Rules of Practice.

  
Eric P. Koetting

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Washington, D.C. 20260-1137  
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January 23, 1998

## POSTAL SERVICE INTERROGATORIES FOR DOW JONES WITNESS SHEW

USPS/DJ-T1-1. Please assume that it is known a priori that an item type always contains one particular subclass of mail. Also assume that some of the observations of this item type in IOCS consist of "counted" (i.e., direct) observations and "uncounted" (i.e., mixed) observations, and that the a priori information is not imposed in the tally editing process.

- (a) In this case, would the subclass distribution of the counted observations for this item type accurately predict the subclass distribution of the uncounted observations for the same item type? If your answer is negative, please explain fully.
- (b) In this case, would the subclass distribution of the counted observations for this item type predict the subclass distribution of the uncounted observations for the same item type more accurately than a system-wide aggregate distribution of direct costs would? If your answer is negative, please explain fully.

USPS/DJ-T1-2. Please consider a mixed-mail IOCS tally that appears in the BCS cost pool.

- (a) Please confirm that the mail handled in the BCS cost pool consists almost exclusively of letter-shape pieces that are compatible with letter automation equipment. If you do not confirm, please explain.
- (b) Please confirm that the mail handled in the FSM cost pool consists almost exclusively of machineable flat-shape pieces. If you do not confirm, please explain.

- (c) Would you expect the mail handled in the BCS cost pool to have a different subclass distribution than the mail handled in the FSM cost pool? If not, please explain.
- (d) Is it your testimony that observations of mail handlings in the FSM cost pool provide useful information for constructing subclass distributions for mixed-mail observations in the BCS cost pool? If not, please explain your testimony at page 22 (especially lines 16-18).
- (e) Does your testimony at page 22 (especially lines 16-18) imply that, in general, mixed-mail observations in letter cost pools would be distributed to subclass more accurately using information from both letter and non-letter cost pools than with information from letter cost pools alone? If not, please explain your testimony.
- (f) Does your testimony at page 22 (especially lines 16-18) imply that, in general, mixed-mail observations in letter automation cost pools would be distributed to subclass more accurately using information from both letter automation and manual cost pools than with information from letter automation cost pools alone? If not, please explain your testimony.

USPS/DJ-T1-3. If the costs of not-handling mail activities in a cost pool were shown to be causally related to the volume of mail handled in the same cost pool, could it be reasonable to distribute such costs within the cost pool? Please explain.

USPS/DJ-T1-4. Please refer to your testimony at page 28, lines 5-6.

- (a) Please confirm that "distributions of documented [i.e., direct] cost" (page 28, line 5) should read "distributions of mixed-mail cost." If you do not confirm, please explain why it is necessary to infer a direct cost distribution.
- (b) Please confirm that your statement, and the statement in MPA-T-2 to which you refer, are based on data provided in USPS-LR-H-305. If you do not confirm, please explain the basis for your statement.
- (c) What proportion of mixed-mail costs are distributed on five or fewer tallies? What proportion of total mail processing costs does this represent? Please provide the calculations to support your answer in electronic spreadsheet format.

USPS/DJ-T1-5. Please refer to your testimony at page 28, lines 7-8.

- (a) Please confirm that any costing system based on a statistical sample of mail processing activities over the course of a year would generally assign different costs to the same service in successive years. If you do not confirm, please explain.
- (b) Please confirm that the Postal Service's operations are not identical in every respect year after year. If you do not confirm, please explain.

USPS/DJ-T1-6. Please refer to your testimony at page 29.

- (a) Is it your testimony that you are not able to determine whether or not there is a better set of cost distribution assumptions than witness Degen's, because you are not sufficiently knowledgeable about Postal Service operations? If not, please explain your testimony at page 29, lines 4-7.

- (b) If you are not sufficiently knowledgeable about Postal Service operations to weigh the merits of various cost distribution assumptions, on what experience do you base your evaluation of witness Degen's methodology?